

Message Text

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SUBJ U.S.-CUBAN TRADE POLICY

1. OTTAWA JOURNAL OCTOBER 3 CARRIED FOLLOWING ITEM
RE U.S.G. TRADE RESTRICTIONS ON U.S. FOREIGN SUBSIDIARIES
EXPORTING TO CUBA:
QUOTE. EXPORT GOODS TO CUBA. CANADA TO PRESS U.S. TO
LIFT TRADE POLICY ON SUBSIDIARIES.

THE CANADIAN GOVERNMENT WILL USE THE OCCASION OF
SECRETARY OF STATE HENRY KISSINGER'S VISIT HERE THIS MONTH
TO PRESS FOR A LIFTING OF U.S. RESTRICTIONS ON TRADE WITH
CUBA BY AMERICAN-OWNED FIRMS IN CANADA.

DIPLOMATIC SOURCES SAY EXTERNAL AFFAIRS MINISTER
ALLAN MACEACHEN WILL MAKE CLEAR TO MR. KISSINGER CANADA
IS NOT SATISFIED WITH THE LIMITED ACTION TAKEN BY THE U.S.
GOVERNMENT AUG. 21.

A STATEMENT THAT DAY IN WASHINGTON SAID
AMERICAN POLICY IN FUTURE WOULD BE TO GRANT LICENSES
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FOR TRADE WITH CUBA BY OFFSHORE SUBSIDIARIES OPERATING
IN COUNTRIES 'WHERE LOCAL LAW OR POLICY FAVORS TRADE

WITH CUBA.'

CANADIAN OFFICIALS SAY IT DID LITTLE, IF ANYTHING, TO REMOVE A LONG-STANDING IRRITANT IN RELATIONS BETWEEN OTTAWA AND WASHINGTON.

CANADIAN LAWS.
THE CANADIAN POSITION IS THAT U.S. SUBSIDIARIES OPERATING IN THIS COUNTRY SHOULD OBSERVE CANADIAN LAWS AND NOT BE SUBJECT TO THE EXTRA-TERRITORIAL APPLICATION OF A U.S. LAW.

THE REQUIREMENT THAT SUCH FIRMS HAVE WASHINGTON'S PERMISSION TO EXPORT GOODS TO CUBA IS CONSIDERED ABHORRENT BY CANADIAN AUTHORITIES. 'THAT STILL IS WHAT WILL RANKLE IN THIS COUNTRY,' SAID ONE OFFICIAL.

CANADA HAS NO LAW FORBIDDING EXPORTS TO CUBA, SO LONG AS THEY ARE IN NON-STRATEGIC GOODS.

U.S. OFFICIALS HAVE SAID THAT IN VIEW OF THE AUG. 21 POLICY PRONOUNCEMENT -- MADE AFTER THE ORGANIZATION OF AMERICAN STATES HAD LIFTED ITS MULTI-LATERAL EMBARGO ON TRADE WITH CUBA -- LICENSING WILL HENCEFORTH BE VIRTUALLY AUTOMATIC.

BUT OTTAWA SOURCES SAY THEIR EXAMINATION OF THE U.S. POSITION HASN'T MADE THEM FEEL ANY EASIER. 'THE MORE WE GET INTO IT ... THE MORE WE HAVE THE IMPRESSION THAT THINGS AREN'T MUCH BETTER,' SAID THE OFFICIAL.

IT STILL APPEARED POSSIBLE THAT WASHINGTON WOULD REFUSE TO GRANT A LICENSE ON THE GROUND THERE WAS AN EXCESSIVELY HIGH AMERICAN-MADE COMPONENT IN THE GOODS IN QUESTION.

FURTHER, THE FACT THAT THE LICENSE APPLICATION HAS TO BE MADE BY THE PARENT COMPANY IN THE U.S., RATHER THAN BY THE SUBSIDIARY, MIGHT DISCOURAGE
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APPLICATIONS.

PERMITS APPROVED
NEVERTHELESS, EXPERIENCE UNDER THENEW POLICY IS REPORTED GOOD SO FAR. A NUMBER OF EXPORT PERMIT APPLICATIONS HAVE BEEN APPROVED IN THE LAST MONTH OR SO. BETWEEN 10 AND 20 WERE ON FILE IN WASHINGTON WHEN THE POLICY ANNOUNCEMENT WAS MADE AUG. 21.

CANADIAN OFFICIALS REFUSE TO SPECULATE ON WHAT

MR. KISSINGER'S RESPONSE TO CANADA'S REPRESENTATIONS
WILL BE.

CONTROLS ON FOREIGN SUBSIDIARIES ARE ONLY PART
OF THE ARSENAL OF ECONOMIC WEAPONS THE U.S. IS
USING AGAINST CUBA AS PART OF A GENERAL TRADE
EMBARGO, STILL IN PLACE DESPITE THE LIFTING OF THE
OAS EMBARGO.
IMPORTANT ELEMENT.

THE CONTINUING AMERICAN EMBARGO WILL BE AN
IMPORTANT ELEMENT IN EVENTUAL NEGOTIATIONS, WHICH MOST
OBSERVERS CONSIDER INEVITABLE, ON A RESUMPTION OF
NORMAL DIPLOMATIC AND COMMERCIAL RELATIONS BETWEEN
CUBA AND THE U.S.

WASHINGTON IS UNLIKELY TO ERODE ITS BARGAINING
POSITION IN ADVANCE BY MAKING TOO MANY CONCESSIONS THAT
HELP HAVANA.

BESIDES, THE STATE DEPARTMENT ISN'T THE ONLY U.S.
GOVERNMENT DEPARTMENT INVOLVED. THE TREASURY AND
COMMERCE DEPARTMENTS ALSO ARE.

THEREFORE, EVEN IF MR. KISSINGER WANTED TO TAKE
THE FURTHER STEP DEMANDED BY CANADA, IN THE INTERESTS
OF GOOD RELATIONS WITH THE REST OF THE HEMISPHERE
EXCLUDING CUBA, HIS FREEDOM OF ACTION MIGHT BE SMALL.

MR. KISSINGER WILL BE IN OTTAWA OCT. 14-15.
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